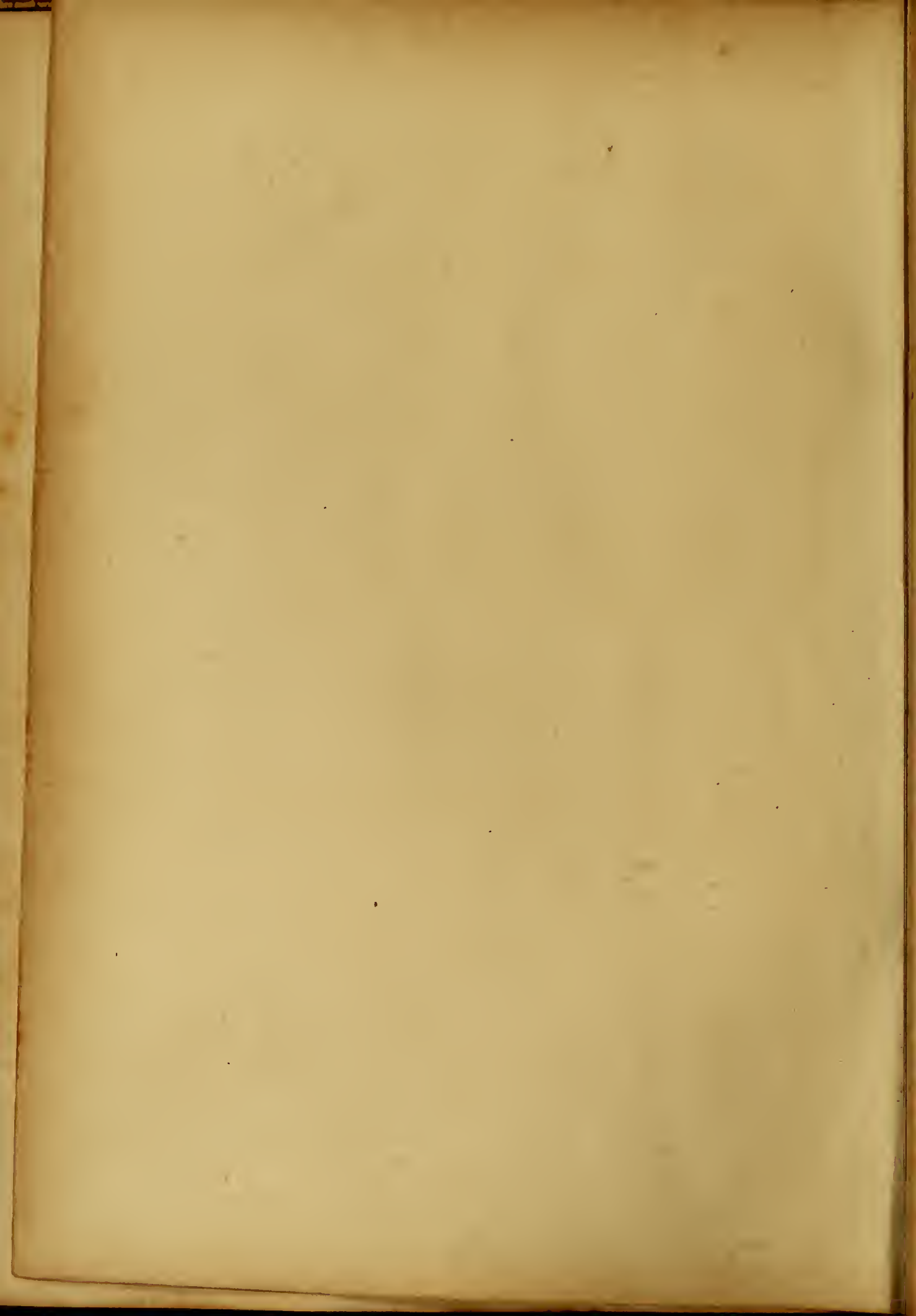


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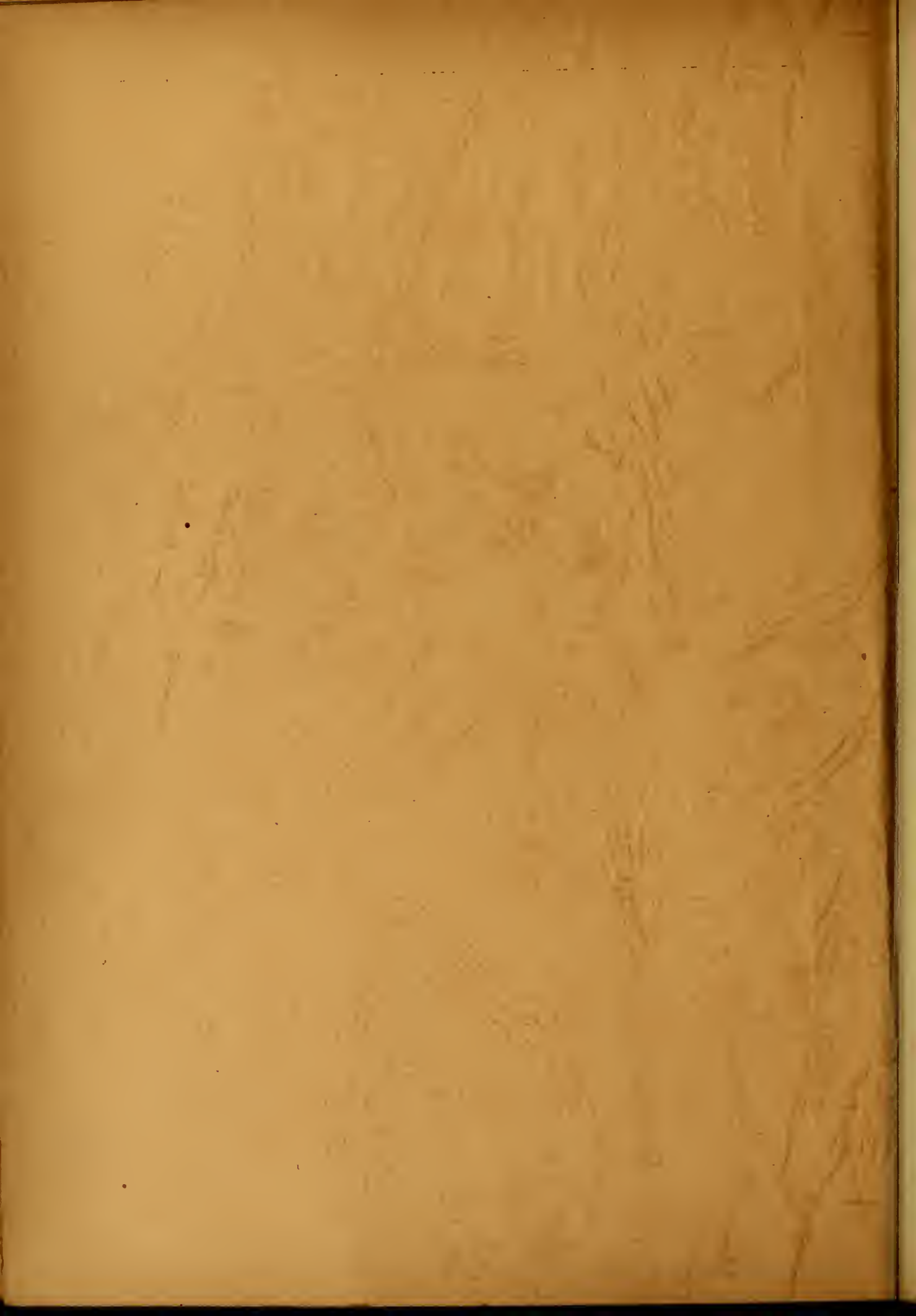
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# BRAZIL COFFEE IN 1942

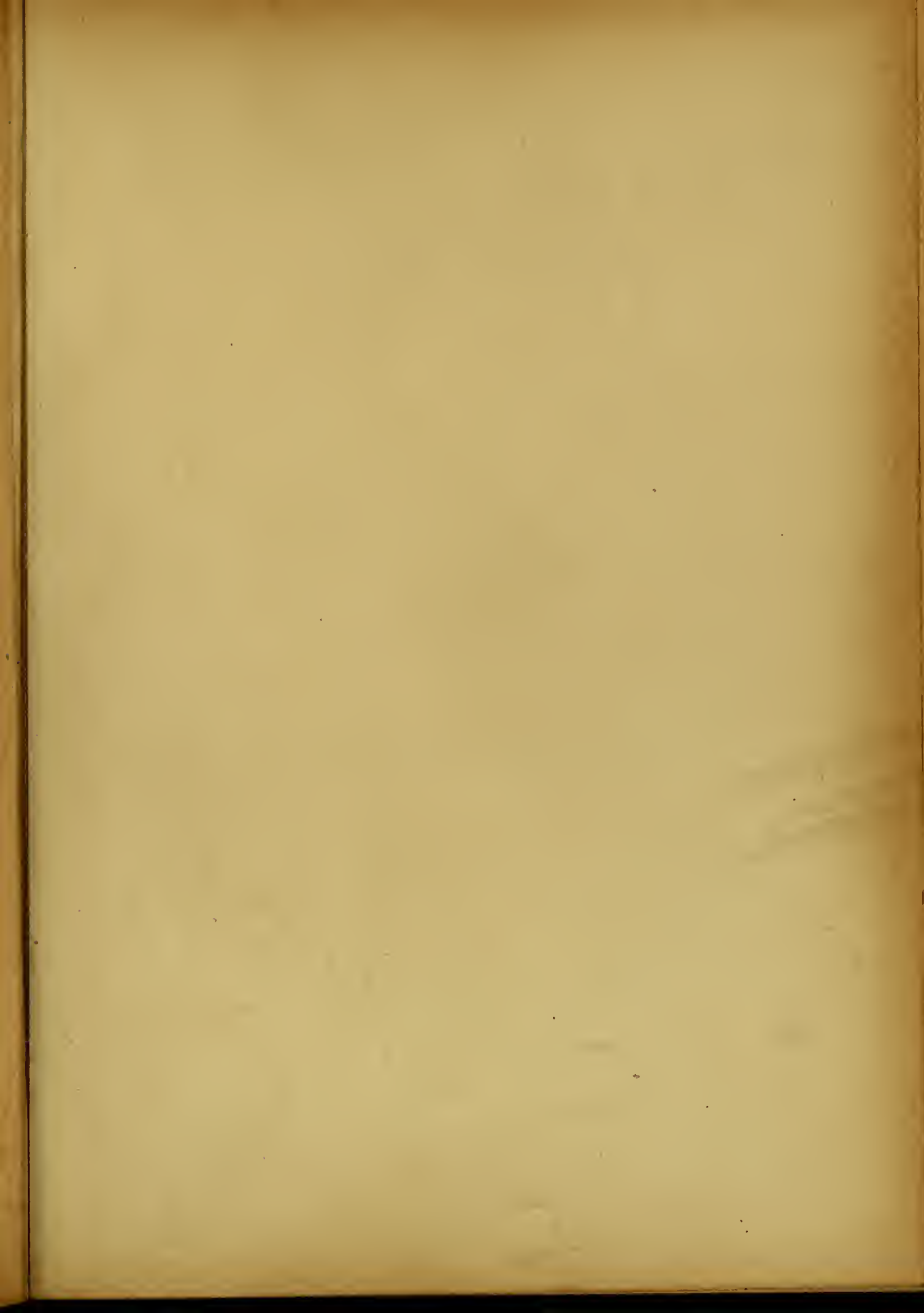
REPORT SUBMITTED ON THE 30TH  
DAY OF APRIL, 1943, TO THE ADVISORY  
COUNCIL OF THE NATIONAL COFFEE  
DEPARTMENT OF BRAZIL BY ITS PRESIDENT

JAYME FERNANDES GUEDES

DEPARTAMENTO NACIONAL DO CAFÉ  
RIO DE JANEIRO — BRAZIL  
1943











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National Coffee Department of Brazil  
RIO DE JANEIRO — BRAZIL  
1943.

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RIO DE JANEIRO



*We are publishing hereunder the fifth annual Report of our management as President of the National Coffee Department of Brazil (D. N. C.). We have been invited to do so, as on previous occasions, by the unanimous decision of the Advisory Council of this institution, the members of which have deemed this work suitable for widespread distribution.*

*The creation of the National Coffee Department of Brazil on February 10, 1933, constituted, undoubtedly, the most advanced step of the Federal Government within the field of planned economy. It was not possible to allow our principal export commodity to remain at the mercy of intermittent experiments and short-sighted scheming, subordinated in general to the particular desiderata of each Coffee State. In view of the imminent danger of so valuable an economic asset*

*being eliminated, it was realized that aid from the Union was an unquestionable necessity if the product was to be saved, and as such, there was no doubt whatever that the defense of coffee in a permanent form could only be achieved, were the Federal Government to assume the control of the economic policy thereof, with the high intent of avoiding the repetition of past errors and endowing the program of action with uniformity and continuity.*

*In taking over the management and the supervision of all activities in connection with coffee, it is obvious that the Federal Government could not dispense with the valuable collaboration of both growers and traders to carry to a successful conclusion the arduous enterprise on which it had embarked. For this reason every effort was made, by the intermediation of periodical Coffee Conventions, to set a course according with the deliberations of the representatives of the interested classes. Further: the same Decree that instituted the National Coffee Department of Brazil, created an Advisory Council, made up of delegates from the coffee growers of each producing State and from our export centers. It is in this Council, that, among other duties, is vested that of keeping in close contact, by means of annual Reports, with the work of the organization in defense of our product.*

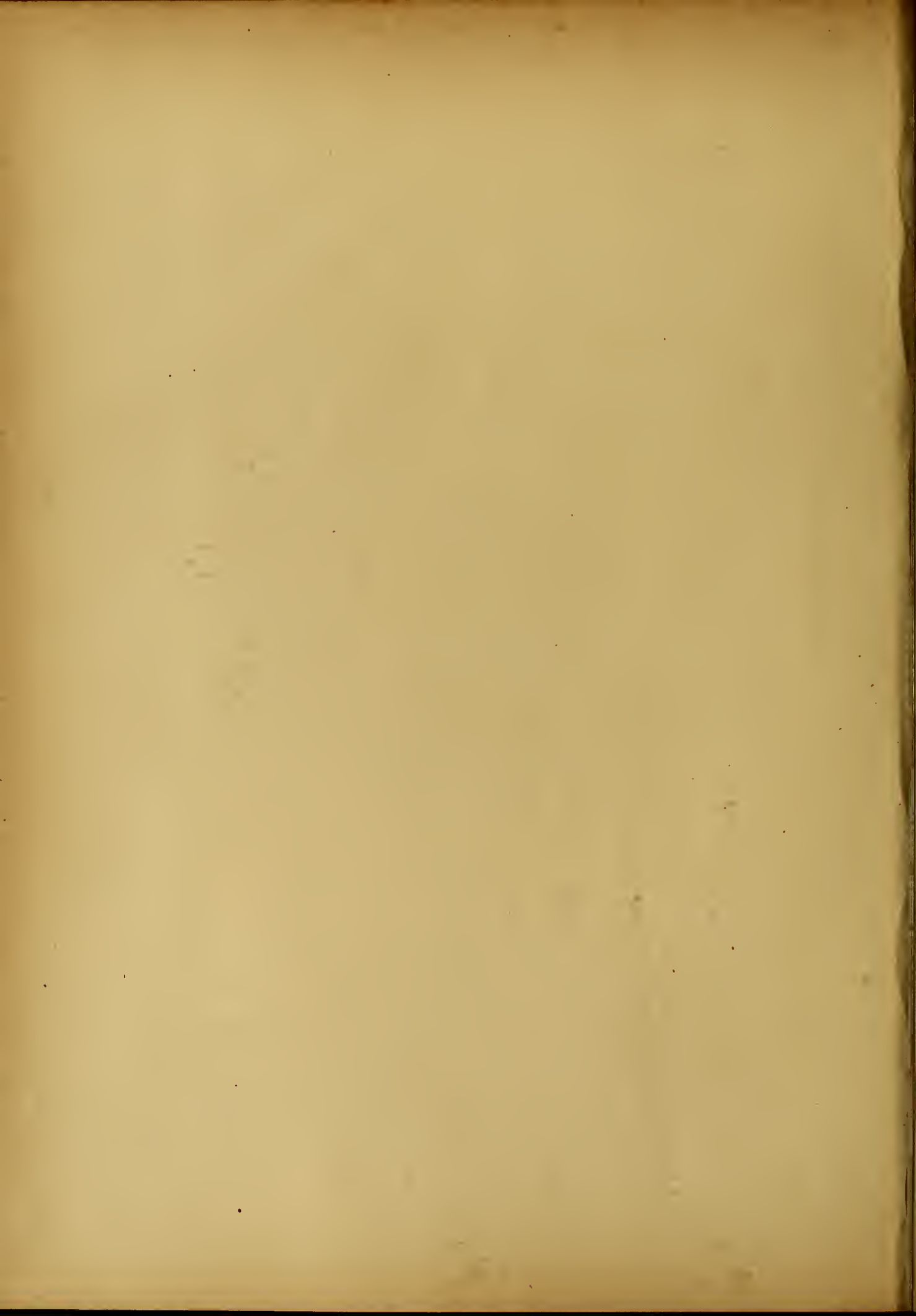


*In our position as President of the D. N. C., we have always taken particular care to imbue our Reports with an objective sense of the problems in cause, depicting faithfully and fearlessly the true coffee situation. It has always been our opinion that coffee culture and commerce need to be informed of everything that is happening within the scope of their activities, certain as we are that only by adopting a clear, definite attitude, can we play our part in preventing them from consciously lapsing into practices which may be prejudicial to their own interests.*

*In this publication, indeed, amateurs and experts in the questions of our economy can but find the necessary data for the elucidation of the ever momentous problem of coffee, and they will also gain some idea of the persistent and profitable endeavors of the Federal Government in the support of coffee growers and traders.*

*Rio de Janeiro, May 20, 1943*

*JAYME FERNANDES GUEDES*



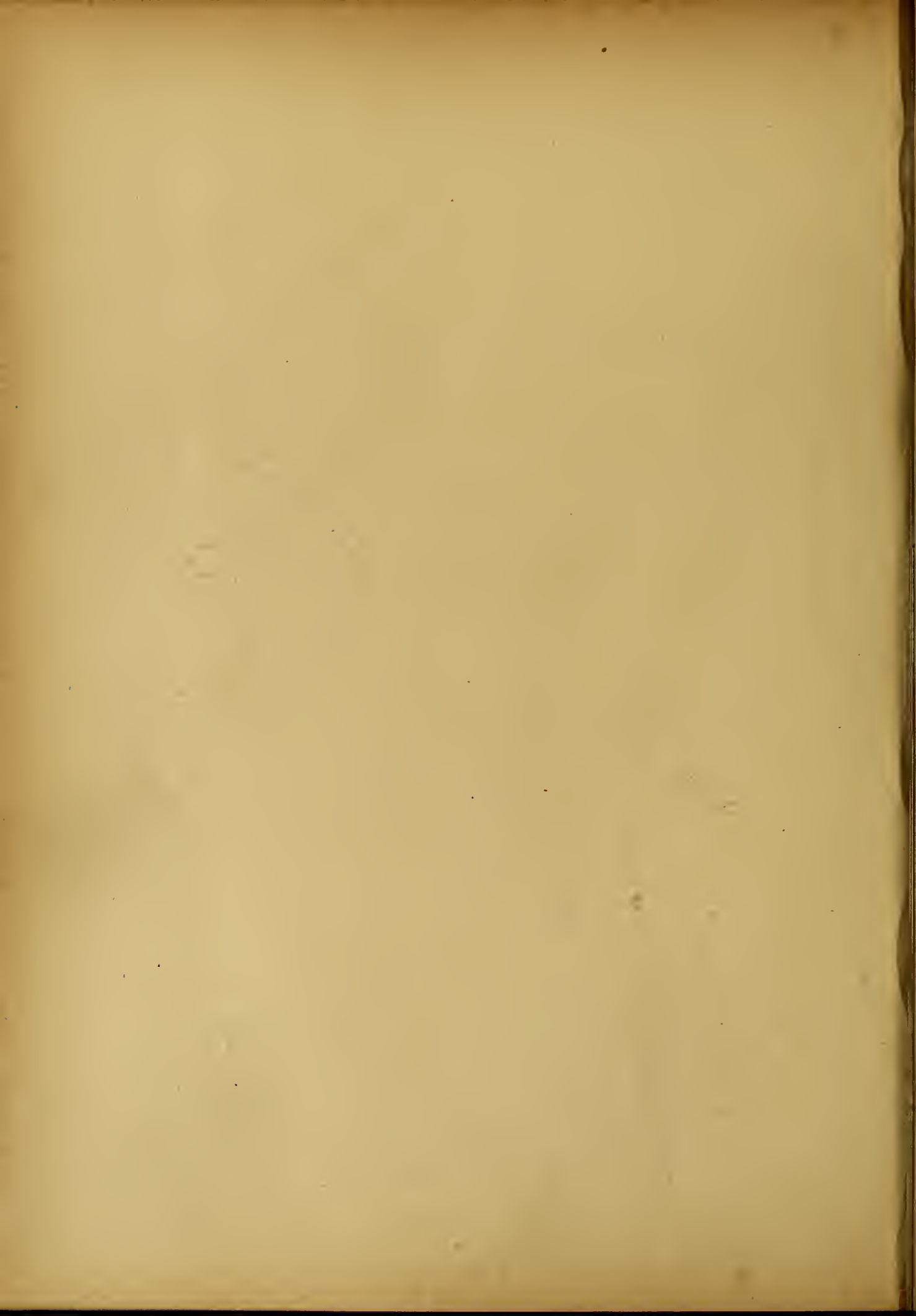
## NATIONAL COFFEE DEPARTMENT OF BRAZIL

Jayme Fernandes Guedes.....	President
Noraldino Lima .....	Director
Cesar Martins Pirajá .....	Director
Raymundo Mendes Sobral .....	Superintendent

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PRESIDENT	
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VICE-PRESIDENT	
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Antônio Stockler de Queiroz.....	State of Minas Gerais
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Clodomir Sá Adnet.....	Vitória market
Benjamin da Luz Vieira.....	State of Goiaz
Franklin Rabello.....	State of Rio de Janeiro
João Aguiar.....	State of Paraná
José Pereira de Albuquerque .....	State of Pernambuco
Paulo Campos Porto .....	State of Baía





# REPORT





To the Members of the Advisory Council of the National Coffee Department of Brazil:

We have the honor of submitting to this Council, together with this Report, the general balance of this Department, as of December 31, 1942, accompanied by the vouchers of the "Results" account, covering the periods of 1/1/1942 to 6/30/1942 and 7/1/1942 to 12/31/1942.

In so doing, we are carrying out the provisions of letter *a*, paragraph one, clause nineteen of the Convention of the Coffee States of April 3, 1941.

## ECONOMIC POLICY OF COFFEE

The really difficult situation with which international commerce has been faced since the outset of the European war, attained a point of the greatest delicacy and undeniable gravity in the course of the year 1942.

The coffee producing countries of the American continent all found their exports stifled by the inaccessibility of the markets of Europe, Asia and the greater part of Africa, and reduced to all extents and purposes to the market of the United States of America, but only Brazil, Cuba, Equador and Mexico had to meet the serious problem of the shipping shortage.

Up till then, the difficulties originated by World War II were being compensated by the mechanism of the Inter-American Coffee Quota Agreement, signed in Washington on November 28, 1940.

It should be remembered that the initial conception of this Agreement and its subsequent development into a reality may to a large extent be traced to the competitive position which our efforts had enabled Brazilian coffee to assume.

President Getúlio Vargas, ever since he took over the Government of the Republic, has not failed to devote his energy to the restoration of our coffee industry and the striking of the statistical balance of the product. The 1929 crack, by the unprecedented extent and volume of the losses caused thereby, took on the somber hues of a true cataclysm. Much had to be done. Countless obstacles loomed through the gathering shadows of the future. But notwithstanding, the gigantic work was undertaken.

The Federal Government immediately determined to buy up all the stocks retained in the Controlling Warehouses up to June 30, 1931 — a very mountain of coffee, amounting to more than eighteen million bags.

From end to end of the country, a light was set to the huge, innumerable bonfires which were to devour, in the course of twelve years, more than seventy-six million bags of coffee — so great was the surplus of a noble and constantly demanded commodity, yet sacrificed to the feckless economic organization, which had taken root in the modern world. The saddening spectacle of the fruits of our work and efforts dwindling to smoke and cinders did not dishearten those who were responsible for guiding





the economic policy of coffee, since, up till then, science had not succeeded in solving the problem of the economic conversion of this potential raw material into a source of riches. Involved in the dilemma of losing everything or having to sacrifice a part for the benefit of the whole, they could but adopt the proposal which carried with it the least disastrous consequences and synthesized a rational solution of the complex problem.

At the same time, the quotas of equilibrium were instituted so as to absorb the unexportable surpluses of each crop, thus reestablishing the normal working of the law of supply and demand and ensuring thereby the maintenance of the prices at a reasonable level.

On November 10, 1937, the ground having been properly cleared, the coffee policy was planned along new lines, considerably reducing the burdens which weighed down the product and placing our coffee in a position to compete successfully on the consumer markets.

The adoption of this measure implied delay in the fulfilment of certain financial engagements entered into by the National Coffee Department of Brazil and the

impossibility of meeting others. The Federal Government, however, took the courageous decision of taking over the liabilities of more than one billion three hundred million Cruzeiros, in order that the plan might be immediately put into execution.

The magnificent results achieved by this salutary determination still stand out clearly in everyone's memory. Our exportation which was no more than 12,113,088 bags in 1937, rose sharply as was to be expected, reaching 17,203,422 bags in 1938, and 16,645,093 bags in 1939. Thus, in two years, we obtained the remarkable total of 33,848,513 bags, which represents *the best two-year results throughout the whole history of Brazilian coffee*. At the same time as we lightened the difficulties of our coffees at home and regained the ground on the consumer markets, we endowed our product with special competitive conditions and forced our competitors to deeply feel the effects of the reduction of the handicap which our high export tax had allowed them, convincing them, once and for all, that our product was in no way different in quality from theirs. A favorable atmosphere was therefore created for a long and profitable discussion of the economic problems of

coffee which the other Latin American producing countries were already facing; without such an atmosphere, it was impossible for us, in sincere agreement with our competitors, formerly to draw up a system of mutual defense within the scope of the collective interests of the producing countries.

In 1939, in view of the consequences of a competitive regime which had not been experienced up till then, the effective loss of certain European markets owing to the war, and the devastating perspective of all of them, including those of North Africa, being eliminated for the same reason, thus placing the producing countries of this continent in the uncomfortable position of only being able to count on a total market of 17,000,000 bags per year, as compared with an average annual production of about 35,500,000, an exchange of views was initiated culminating in the Inter-American Coffee Quota Agreement, signed by 14 Latin American countries, with the precious and indispensable collaboration of the United States of America, that great friendly power, whose modern ideological conceptions of international political economy have contributed so much to the spreading of Good Neighbor relations and to the development of the Pan-American spirit.



According to the terms of the Inter-American Coffee Quota Agreement, import quotas for the United States of America were assigned to all the producing countries, so as to maintain for each of them more or less the same export volume as that shipped to that market in the preceding year. As a result of the new lines adopted for the coffee economic policy in 1937, which boosted our exports in 1938 up to 17,203,422 bags, 9,178,320 being shipped to the United States, we succeeded in being allotted in the said Agreement a basic quota of 9,300,000 bags annually.

With this predetermined export quota and with the coffees which we might envisage shipping to other continental markets and even some which were still accessible in Europe and Africa, we could count on a yearly export of eleven to twelve million bags during the three-year period covered by the Agreement. The reduction in substance, by the diminution of the volume exported, would be compensated by the improvement in prices.

In 1940 and 1941, our exports fully corresponded to forecast, amounting respectively to 12,053,499 and 11,054,566 bags. Our 1941 export yield in Cruzeiros was almost equal to that of normal times. Whereas in 1938,

from an export of 17,203,422 bags we obtained Cr\$ 2,296,010,009.60, in 1941 the export of a mere 11,054,566 bags brought us in Cr\$ 2,017,544,618.80.

In the first Quota Year of the Inter-American Coffee Quota Agreement (10/1/40 to 9/30/41), the Brazilian quota was completely filled and the registration of export sales for this period had to be suspended considerably ahead of time. In the second Quota Year (10/1/41 to 9/30/42), however, the submarine war reached the shores of the American continent and it was to be feared that the difficulties of transport by sea might prevent us from covering our quota in full. This was likewise to be foreseen in the case of the third Quota Year (10/1/42 to 9/30/43), considering the successive sinkings of ships on the Brazil-United States sea route, of which our country had to bear a terribly heavy loss, not only in tonnage but also in the precious lives of numerous Brazilians, barbarously and pitilessly sacrificed to the bloodthirsty fury of our inhuman aggressors.

The further development of events thrust Brazil into an exceedingly precarious position, in that we are the American producing country which is located, geographically,

farthest away from the United States and that our route to that market had become the target of an intense submarine campaign, for the very reason that our country is a great source of essential war materials. It was, moreover, to the interest of the United States to take the greatest possible advantage of the tonnage of our ships and theirs for the transport of these materials, considering the high value which they represented for the war effort.

The Brazilian Government, therefore, entered into negotiations with that of the United States in an endeavor to find a scheme which, while taking care of the great interests at stake, would ensure Brazil, as was only just, the same economic advantages as allotted to her by the Inter-American Coffee Quota Agreement.

This aim was attained by the Coffee Agreement of October 3, 1942, thanks to the farsighted political and administrative genius of the two great Presidents, Franklin Roosevelt and Getúlio Vargas, ably seconded by such statesmen of outstanding efficiency as Cordell Hull, Sumner Welles, Jefferson Caffery, Arthur de Souza Costa and Oswaldo Aranha.

The summary of this Agreement, already published by the Press, runs as follows:



"1: The two governments shall make every effort to facilitate the shipment to the United States of America, of the total quotas established by the Inter-American Coffee Quota Agreement.

It is hereby agreed that the Commodity Credit Corporation shall purchase the coffee through the established commercial channels and in accordance with the commercial practices now in existence.

2. For the Quota Year 1941/1942 the CCC agrees to buy that part of the coffee of the types consumed in the United States of America, up to the completion of the said quota and not shipped by September 30, 1942, fixed at 2,659,279 bags.

3. At the expiration of the Quota Year 1941/1942, which ends on September 30, 1942, the coffee bought in Brazil, in accordance with item 2, may be shipped to the United States of America on account of the 1942/1943 quota, but the quantities thus shipped must be replaced simultaneously, by the purchase in Brazil of coffees of the current production.

4. For the Quota Year 1942/1943, the CCC agrees to buy coffees of the types consumed in the United States of America, up to the amount of the annual basic quota of 9,300,000 bags allotted to Brazil, shipment of which could not be secured.

5. The purchase of coffees by the Comodity Credit Corporation shall be made f.o.b. the usual ports of shipment, deemed satisfactory by the CCC, and in accordance with the distribution established for the said ports by the National Coffee Department of Brazil, on the basis of the maximum prices, laid down by the Revised Price Schedule N.º 50 — Green Coffee — of the Office of Price Administration, and the amendments thereto, or on the basis of the prices then prevailing in the United States of America, should they be lower. In either case, 2% shall be discounted for handling and administration expenses.

6. Whenever there exists a possibility of its deteriorating, the coffee acquired by the CCC, in Brazil, may be sold on the Brazilian market, thru substitution thereof, by purchase, of an equal quantity. The Brazilian Government shall facilitate such sub-

stitutions, in accordance with measures to be taken in agreement with the CCC.

7. The warehousing expenses shall be paid by the CCC, to run from 90 days from the date of warehousing; said warehousing to be approved by the CCC and supplied by Brazil at nominal rates or, in the case of private warehouses, at rates not exceeding those at present in force.

8. The sellers shall be held responsible:

- a) — for the f.o.b. delivery of any coffee bought;
- b) — for the export taxes and other expenses in connection with the loading of the coffee on board ship;
- c) — for the cost of insurance of the coffee (excepting that of war risk insurance) during the 90 (ninety) days warehousing period, by means of insurance policies issued by companies established in Brazil, or by official Brazilian agencies accepted by the CCC; and

d) — for the warehousing during a period of 90 (ninety) days in warehouses approved by the CCC.

9. Whenever the CCC receives the coffee before shipment, mutually satisfactory agreements shall be concluded between the sellers and the CCC, so as to guarantee the buyer payment of the taxes and other export expenses owing by the sellers or the definite deduction of said charges, should the coffee be delivered to the buyer for any purpose other than that of exportation."

The terms of this Agreement ensured Brazil the filling in its entirety of her export quota to the United States for the year 1941/1942, amounting to 10,594,715 bags, and that of her basic quota of 9,300,000 bags for the year 1942/1943.

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In accordance with the provision contained in Clause Three of the Convention of the Coffee States of April 3, 1941, which established a two-year plan for the maintenance of the statistical balance of production and consumption, the quota of equilibrium of the 1942/1943 crop,



found to be necessary, was to be fixed by the National Coffee Department of Brazil, after consulting the Advisory Council.

In its session of May 28, 1942, after examining the statistical situation of the product, the estimation of the forthcoming crop and the export possibilities, the Council resolved to suggest to the Department, for the 1942/1943 crop, a quota of equilibrium of 35%, payable at the rate of two Cruzeiros per bag of sixty and a half kilos gross weight.

The São Paulo coffee plantations had been scourged from the second half of 1940 up to the middle of 1941, by one of the most disastrous droughts ever recorded in that district. The damage caused by this phenomenon may be measured by its length and by the far smaller volume of the São Paulo coffee crop for 1940/1941, which amounted to approximately 4,200,000 bags as compared with an average of 14,500,000 bags for the three agricultural years immediately preceding (1939/1940, 1938/1939 and 1937/1938).

In 1942, after the above decision of the Council, another heavy trial was reserved for the São Paulo coffee

planters. The June frosts attacked with unusual severity the plantations of the State of São Paulo, those of the State of Paraná and, in a considerably attenuated form, those of the Southern zone of the State of Minas Gerais.

The São Paulo planters, who, despite the previous year's drought, were subject to the same percentage of the quota of equilibrium as the other States, immediately took action and appealed to the Federal Government, directly and by the intermediary of their trade associations, to grant them the cancellation, or a reduction, of the quota of equilibrium of 35% suggested by the Advisory Council of the National Coffee Department of Brazil for the 1942/1943 crop.

The quota reduction was at once deemed worthy of close attention. The seemingly discriminatory treatment of São Paulo and Paraná would aim at reestablishing the economic balance of these production areas, without injuring the other States. It would have been an injustice to apply an equal treatment to unequal situations. In point of fact, São Paulo and Paraná had already contributed a heavy quota of equilibrium, enforced by nature.

To obtain an accurate idea of how much the São Paulo planters suffered from the climatic phenomena to

which we have been alluding, it is only necessary to compare the production of the 1941/1942 and 1942/1943 crops with that of 1940/1941, which was normal. This comparison shows that in the said two-year period (1941/1942 and 1942/1943), São Paulo lost more than sixty per cent of its customary production, i. e., 18,400,000 bags.

A special treatment for the States of São Paulo and Paraná, in the difficult emergency which had overtaken them, would not constitute a subversion of the basic principles which justify the institution of the quota of equilibrium, since the aim in view is the withdrawal of normal surpluses and not that part of the production for which there is a sure market. The surplus which would have existed in the States of São Paulo and Paraná, and which would have been absorbed by the application of this principle, had already been eliminated by the forces of nature, which forestalled man by destroying a very considerable part of the production which should have been delivered up to the Department. The adoption, for those States, of any other system of treatment would mean a deathblow to the economic structure of their production districts. They would have to shoulder a burden beyond

their possibilities of resistance, in the case of an arbitrary confiscation of the coffee which was indispensable for the maintenance of the plantations in the hands of their owners. Nor can it be said that this measure represents any deviation from the general regulations adopted for controlling the crops, in that it has already been considered advisable to include in the Consignment Regulations for previous years, in accordance with the provisions contained in clauses of the Coffee Covenants or suggestions of the Advisory Council, measures based on like economic principles, such as:

- a) — the conversion to market quota of part of the coffees of Espírito Santo, Rio de Janeiro] and Paraná belonging to the quota of equilibrium at less than market prices;
- b) — the delivery, by São Paulo, of coffees, in the supplementary quota of equilibrium, at less than market prices.

Both of these measures implied a differential treatment for the States, lowering or raising their quotas of equilibrium. As, at those times, the greater part of the general surplus, was localized in the State of São Paulo, its production had to support, to all practical purposes, a greater percentage of the quota of equilibrium.



For all these motives, and after having accurately ascertained the damage suffered by the plantations of São Paulo and Paraná, the Minister of Finance, Dr. Arthur de Souza Costa, at a memorable meeting which took place on October 17, 1942, in the Palácio dos Campos Elíseos, at São Paulo, with the presence of the Interventor Federal, Dr. Fernando Costa, numerous coffee planters and the President of this Department, announced that the Government of the Republic had resolved to adopt the necessary measures for the delivery, by São Paulo and Paraná, of a quota of equilibrium corresponding to 10% of their crops in the agricultural year 1942/1943.

Following this statement, on October 23, 1942, the Federal Government issued the Decree-Law n.º 4,873, regulating the system of conversion of part of the quota of equilibrium of the States of São Paulo and Paraná, which practically reduced their quota of equilibrium to a bare ten per cent. In view of the provision of this Decree, the planters of the States of Minas Gerais, Espírito Santo and Rio de Janeiro likewise appealed for a reduction of their quotas of equilibrium on the grounds of damage suffered by their coffee plantations due to droughts and frosts and the consequent diminution in volume of the

crop then being harvested. The understandings in respect of this matter, directed by the President of the National Coffee Department of Brazil, in a spirit of conciliation and compromise, but with a constant view to national interests, resulted in the issue of the Decree-Law n.º 4,986, of November 21, 1942, which may be finally summed up as fixing:

- for the coffees of the States of São Paulo and Paraná and for the preferentials of Minas Gerais, a quota of equilibrium of 10%, payable at the rate of two Cruzeiros per bag;
- for the ordinary coffees of the States of Minas Gerais, Rio de Janeiro and Espírito Santo, a quota of equilibrium of 35%, divided into two portions, one of 25% payable at the rate of two Cruzeiros per bag, and the other of 10%, payable at the rate of 60 Cruzeiros per bag.

Thus the main points for regulating the disposal of the 1942/1943 crop were settled, and the consignments from the interior were authorized immediately afterwards.

## EXPORTS

During the year 1942, as compared with the previous year, the Brazilian coffee exports dropped heavily, as a result of the submarine campaign, the withdrawal of many North American vessels from the South American line, the successive sinkings of ships belonging to our merchant marine and the natural delay of shipping, obliged to adopt the convoy system and exposed to unforeseen emergencies of every kind.

Nevertheless, we succeeded in shipping no less than 7,279,658 bags of coffee, in the following proportions per port:

Santos.....	4,510,982 bags
Rio de Janeiro.....	1,761,782 "
Vitória.....	420,414 "
Angra dos Reis.....	253,334 "
Paranaguá.....	211,690 "
Baía.....	61,497 "
Recife.....	57,759 "
Itajaí (in transit).....	2,200 "
TOTAL.....	7,279,658 bags

From the point of view of their destination our exports may be analysed as follows:

Africa .....	65,942 bags
Central America.....	400 "
North America.....	6,220,441 "
South America .....	625,467 "
Asia .....	8,300 "
Europe.....	358,745 "
<b>TOTAL.....</b>	<b>7,279,295 "</b>
Consumed on board ships.....	363 "
<b>TOTAL.....</b>	<b>7,279,658 bags</b>

It should be explained that out of this total of 7,279,658 bags, the United States of America figure for 6,189,166 bags, which represent the amount of our exports to that country.

On account of the circumstances outlined above, it was impossible for Brazil to contribute on a larger scale and in the usual proportion to the formation of the blends to which the North American customer is accustomed and in which our coffees participated to a great extent.



To realize the effort required for us to ensure these supplies, it is only necessary to consider the exhausting task which was demanded of the Brazilian merchant marine. In 1941 the North American shipping companies transported 5,980,116 bags of coffee, whereas in 1942 they carried a bare 2,350,903 bags. The Brazilian companies which, in 1939, 1940 and 1941 transported respectively 1,855,565, 2,438,462 and 2,593,053 bags, in 1942 stowed away in the holds of their vessels no less than 3,229,092 bags. We cannot but dedicate, therefore, our sincere congratulations to our merchant marine, especially to the Lloyd Brasileiro, which transported in its ships during the course of last year 3,021,936 bags of coffee.

Compared with the normal average of our exportation, the volume shipped abroad in 1942 (7,279,658 bags) was small, but if we consider the amount of 7,433,048 bags exported in the last year of World War I, (1918), when the conditions of international trade were much more favorable, the results obtained cannot fail to strike us as encouraging.

## THE INTER-AMERICAN COFFEE QUOTA AGREEMENT

Referring elsewhere to the Inter-American Coffee Quota Agreement and envisaging the magnitude of this pact between nations as much from the point of view of its intrinsic characteristics, as from the number of participating countries and the intricacy of the interests at stake, we took the opportunity of classifying it as one of the greatest conquests of planned economy in the field of International Public Law.

No one is unaware of the preponderant part played by Brazil in the achievement of the end in view, though it must be recognized that it could only be attained thanks to the brilliant political foresight of the United States of America and to the spirit of cooperation displayed by every one of the producing countries of this continent. Not all, however, can form a true idea of what this conquest represented in efforts, hard work and perseverance, from the moment when the general outlines of the scheme were formulated at a meeting of the Inter-American Financial and Economic Advisory Committee; passing then to the Pan-American Coffee Bureau; afterwards to the

Third Pan-American Coffee Conference; subsequently, returning to the Inter-American Financial and Economic Advisory Committee, when unanimous agreement seemed out of the question; then the work of the Subcommittee on Coffee, which approved the project of Brazil, which had, indeed, already been accepted by the North American experts; and, finally, the Special Committee appointed by Mr. Sumner Welles, Under-Secretary of the U. S. Department of State, and constituted by Brazil, Colombia and Peru.

The task of conciliating all the conflicting interests, overcoming difficulties, dissipating doubts and conducting the debates in an atmosphere conducive to mutual understanding, was one of the greatest delicacy and eminent responsibility, and the Governments of the promotor countries carried it through magnificently, in the persons of their accredited representatives.

The Agreement was indisputably a pact based on the soundest principles of political economy, and one of its aims was to uphold the buying power of the Latin-American countries so as to maintain, and even to develop, commercial interchange on the continent. Brazil's interest

in the agreement was ever constant and persistent, and the achievement was influenced to a considerable extent by the potential of our raw materials and the expansion of our foreign trade. Indeed, our commercial balance with the United States of America now runs into high figures.

The three chief commodities imported by the United States in 1938—before the outbreak, of war, therefore — were as regards value: coffee, cane sugar and crude rubber, all of them goods that can be supplied by Brazil on a large scale. The United States coffee imports alone, for that year, attained 137,824,000 dollars, corresponding to 15,053,993 bags, out of 1,949,624,000 dollars of total imports. Brazil's contribution amounted to 9,092,824 bags, with a value of 67,425,594 dollars. Among the nations exporting to that country in 1938, we filled the seventh place, our largest contingent being coffee.

In 1940, as customers of the great Northern Democracy, we occupied the fifth place, with purchases of goods to the total value of 110,588,000 dollars.

United States export data for the years 1941 and 1942 are not yet in our possession. However, on account of



the interruption of her trade with France and Japan, owing to the war, it is highly probable that Brazil has now risen in importance to the position of *third greatest consumer market of the United States of America*.

The Inter-American Coffee Quota Agreement, conceived at the most propitious of moments, has been provided with an executive body known as the Inter-American Coffee Board, an organization which has never failed to ably carry out its duties, under the presidency of Mr. Paul C. Daniels, Delegate of the United States of America, to whose energy, intelligence and spirit of collaboration are due, for a large part, the results obtained.

## PRICES

One of the aims of the Inter-American Coffee Quota Agreement was, without doubt, that of guaranteeing to the producing countries the marketing of a fixed quantity of their crops, at prices which would compensate the loss of the transatlantic markets.

This aim was fulfilled by the prices obtained in 1942.

In the course of the last five years, the New York spot quotations for Brazilian coffee have fluctuated as follows, in cents per pound:

P E R I O D	SANTOS Type 4	RIO Type 7
1938	7.5/8	5.1/4
1939	7.1/2	5.3/8
1940	7	5.3/8
1941	11.1/8	7.7/8
1942	13.3/8	9.5/8

On December 11, 1941, as a result of the entry of the United States into the war, the Office of Price Administration froze all coffee business, fixing maximum prices for this product on the basis of the prices prevailing in New York on the 8th of that month.

These prices were as follows:

Santos No. 4 .....	13.1/8
Rio No. 7 .....	9.1/8
Medellin .....	16
Manizales .....	15.5/8

Salvador, washed.....	15
Santo Domingo, washed.....	13
Haiti, washed.....	13.1/2
Costa Rica, Prime.....	17
Genuine Java.....	19
Puerto Rico, washed.....	13.1/4
Puerto Cabello, washed.....	13.1/2
La Guayra, washed Caracas.....	14.1/2

The Inter-American Coffee Board, having in view the interests of the countries which were parties to the Agreement and its responsibilities towards the coffee trade, suggested to the American Government that a system be established so as to compensate the increase in freight or insurance rates by a corresponding raise of the maximum prices, thereby relieving the producers of this burden.

The intervention of the Board was efficacious from every point of view. After examining the various aspects of the question and consulting the interested countries, the Office of Price Administration decided to increase the maximum prices in accordance with the opinion expressed by a committee made up of 47 coffee trade representatives from all over the country.

This increase met with general satisfaction in trade circles in the producing countries and cannot be said to have injured the consumers, who recognized the justice of the measure finally adopted.

Consequently, the schedule of maximum, or ceiling, prices, in accordance with the provisions of amendment n.º 2, dated 12/29/41, was altered as follows:

#### BRAZIL

Santos n.º 2.....	14.1/8
Santos n.º 4.....	13.3/8
Rio n.º 7.....	9.3/8

#### COLOMBIA

Medellin Excelso.....	16.1/4
Manizales Excelso.....	15.7/8

#### COSTA RICA

Strictly Hard.....	16.1/2
Prime.....	16

#### CUBA

Good Washed.....	14.1/4
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## ECUADOR

Extra-Superior Unwashed.....	11.1/4
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## GUATEMALA

Strictly Hard.....	16.1/2
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Good Washed.....	14.1/2
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## HAITI

Good Washed Sweet.....	13.3/4
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## HAWAII

N.º 1 Extra Prime.....	16.1/2
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## HONDURAS

Good Washed.....	15
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## JAMAICA

Washed.....	14.1/2
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## MEXICO

Coatepec.....	16.1/2
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Tapachula firsts.....	15.1/2
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## NICARAGUA

Matagalpa.....	15
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Good Washed.....	14.1/2
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## PERU

Fancy Washed.....	15.1/4
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## PUERTO RICO

Fancy.....	15.1/2
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Good Washed.....	14.1/2
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## SALVADOR

High Grown.....	16
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Good Washed.....	15.1/2
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Superior Unwashed.....	13.3/4
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## SANTO DOMINGO

Good Washed Sweet.....	13.3/4
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## SURINAM

Surinam.....	7.3/4
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## TRINIDAD

Trinidad.....	14.1/2
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## VENEZUELA

Fancy Washed Caracas.....	15.5/8
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Standard Unwashed Sweet Maracaibo — Ta- chira .....	13.3/8
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## ABYSSINIA

Long Berry Harrar.....	17
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## BELGIAN CONGO

Washed Arabica Ungraded.....	15.1/2
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## BUKOBA

Plantation.....	13.1/8
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## KENYA

Washed A.....	16
Mocha (Arabia).....	18.1/2

## NETHERLANDS EAST INDIES

Genuine Washed Java.....	19.1/2
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## PORTUGUESE WEST AFRICA

Portuguese West Africa.....	11.1/4
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## TANGANYIKA

Washed A.....	15.3/4
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## UGANDA

Plantation.....	13
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This schedule, establishing a difference of 2.50 cents per pound, as parity ratio of our "Santos 4" type and the Colombian "Manizales", amounted to an official statement of the proper relationship between these two coffees, as expressly recognized by the entire coffee trade of the United States of America.

The Office of Price Administration, in Amendment n.º 2, mentioned above, had only included three types of Brazil coffees, i.e. "Santos" 2 and 4, and "Rio" 7, leaving the remainder subject to the usual market differentials, but Amendment n.º 3, of August 12, 1942, which is now in force, fixed maximum prices for 46 types of our coffees, according to the bases already laid down.

By the adoption of the prices prevailing on December 8, 1941, the only intention of the Office of Price Administration was to stabilize them so as to prevent any subsequent increase, apart from those arising out of an advance in the rates of freight and insurance.

Notwithstanding the traditional peculiarity of the description of Brazil coffees in the sales made on cer-



tain North American markets as compared with that applied to them on the home markets, a practice which, in the course of nearly fifty years, has developed into a commercial custom between the two countries, our registered export prices were not affected by the establishment of the American ceiling, for the usual differential between them was maintained.

This is due to the fact that the Office of Price Administration did not attempt to abolish the ruling commercial practices between the producing countries and the United States of America. On the contrary, the intention of said Office was always to maintain the prices and the practice according to which the United States of America had been importing coffees up to December 8, 1941, and to avoid any subsequent change which might result in an increase in price. This, indeed, was the interpretation supplied by Mr. Leon Henderson himself, Price Administrator and author of the schedule, in the following letter, addressed on October 9, 1942, to the Inter-American Coffee Board. The contents of the letter are as follows and it will be seen that paragraphs 4, 5 and 6, leave no loophole of doubt as regards the point:

*"I wish to confirm your understanding of our method of determination of the specific prices named in Amendment No. 3 to Revised Price Schedule No. 50 as expressed by you in your letter of August 26.*

*I realize that this is a matter of vital importance to the members of the Board and to the countries which they represent. Therefore, I am happy to be afforded an opportunity to explain the basis used by us in naming the additional maximum prices in Amendment No. 3.*

*Our original schedule published December 11th. and revised on December 27, 1941 specifically named only 39 grades of coffee. At that time we stated that these descriptions "... applied to the best quality of each type and grade named. The maximum prices for green coffee imported from any other country, or for grades not named or poorer quality shall be determined by applying the customary trade differential in effect prior to December 8, 1941".*

*As you know this schedule was in the nature of a price freeze, taking as its base coffee prices prevail-*

*ing on December 8, 1941. In other words, we did not attempt to set new prices for coffees nor did we attempt to determine new standards or differentials. In freezing prices of all coffees as of a given date, we also froze the then existing differentials between the various kinds of coffee of different countries as well as the differentials between the various grades of any one country as they were in effect established on that date by prevailing trade customs. No attempt was made by this Office to realign prices or to readjust them to any other basis.*

*It should be strongly emphasized that this Office did not at that time nor will it attempt at a future time to establish prices for any type or grade of coffee based on its own evaluation as to the intrinsic value of such coffees, and the prices named by this Office for the duration of the Emergency Price Control Act simply reflect the existing trade values put on those coffees on December 8 or the period prior to it. In other words, our coffee schedule limits itself to holding the status quo of coffee prices as was in existence prior to Pearl Harbor.*

*From the foregoing, I hope that you as well as the delegates to the Inter-American Coffee Board will understand that it is not the intention of this Office to set coffee prices in any other way than by spelling out prices as they were in existence and established by trade customs during the base period. Naming specific prices for various grades should therefore in no way be interpreted as giving official sanction or expression of judgment on any given quality of coffee.*

*Necessitated by the provisions of the Special Commodity Credit Corporation Coffee Agreement and in order to clear up much of the confusion existing in the markets both here as well as in the exporting countries as to the proper differentials we decided to spell out some 200 additional types and grades of coffee, by consulting with members of the Green Coffee Association of New York, New Orleans and San Francisco, as well as with representatives of the National Coffee Association, the Quarter Master Department of the United States Army, the Board of Eco-*



*conomic Warfare and the Commodity Credit Corporation. Meticulous care was exercised by us so that in arriving at the newly named prices, no consideration other than the price basis in existence on or prior to December 8 was used in the determination of such prices. For this purpose private sales sheets and offerings as well as the official records of the New York Coffee Exchange were consulted, and I, therefore, feel confident that the prices established were an equitable and fair expression of the status quo at which we intend to hold coffee prices for the duration.*

*I am sure that the members of the Board will agree with me that the preservation of this absolute freeze of prices and differentials as of December 8, 1941 is the correct solution to a very difficult problem."*

The facts subsequently confirmed what was declared above to the members of the Inter-American Coffee Board, inasmuch as the commercial transactions between our exporters and the importers of that country have continued to go forward normally up to the present.

The export activity of Brazil, during the last five years, as regards value, rises in a steep curve.

Whereas in 1938 our exportation yielded 5,096,790,000 Cruzeiros, in 1942 its value reached 7,499,485,000 Cruzeiros. The item "manufactures" rose from 18,040,000 Cruzeiros to 1,118,614,000 Cruzeiros and that of "raw materials" from 1,910,589,000 Cruzeiros to 3,056,733,000 Cruzeiros. That of "food stuffs", which is becoming the most important of all, advanced from 3,167,890,000 Cruzeiros to 3,323,866,000, "green-coffee" continuing to be the largest contributor, with a quota of 1,965,738,000 Cruzeiros, as compared with the 718,822,000 Cruzeiros of "meat and by-products of animal origin", which immediately follows it.

The prices of our coffee in the year 1942 were fully satisfactory, remaining between our minimums and the American ceiling, and subject to the natural fluctuations of the market.

The average price per bag on board was Cr\$ 270.03, representing an increase of Cr\$ 87.53 as compared with

the preceding year (1941), and of Cr\$ 138,12 above the 1940 price. This advance corresponds, respectively, to 47.96% and 104.7%.

In the last ten years our average prices per bag on board ship were the following:

YEARS	VALUE In Cruzeiros	YEARS	VALUE In Cruzeiros
1933	132.79	1938	133.52
1934	149.47	1939	136.42
1935	140.69	1940	131.91
1936	157.31	1941	182.50
1937	175.56	1942	270.03

*As may be seen, we exceeded by far the average price for the second half year of 1941, which in itself was a record of the average prices in Cruzeiros ever obtained in Brazil.*

A comparison between the quantitative and monetary values of our coffee exports for the year under review, and

those of the last ten years, is highly interesting and explanatory. They are set forth in the following table:

YEARS	QUANTITY Bags of 60 kg		VALUE In Cruzeiros	
	TOTAL	Index numbers	TOTAL	Index numbers
1933	15,459,309	100	2,052,858,224	100
1934	14,146,879	92	2,114,511,730	130
1935	15,328,791	99	2,156,599,349	105
1936	14,185,506	92	2,231,472,515	109
1937	12,113,088	78	2,128,615,805	104
1938	17,203,422	111	2,296,010,010	112
1939	16,645,093	108	2,254,115,311	110
1940	12,053,499	78	1,589,956,317	77
1941	11,054,566	72	2,017,544,619	98
1942	7,279,658	47	1,965,737,736	96

It is to be concluded from what has been said that the prices obtained for our coffee in 1942 compensated the drop in exports in this year as compared with the previous year. Thus, whilst for an export volume of 11,054,566 bags, in 1941, we obtained Cr\$ 2,017,544,619.00 value,



with a 1942 export volume of only 7,279,658 bags, we reached the figure of Cr\$ 1,965,737,736.00. In other words: although we had exported 3,744,908 bags less in 1942 than in 1941, the value obtained in Cruzeiros remained approximately the same.

Despite the fact that the 1942 statistics of exportation only registered 7,279,658 bags, this may be considered from the point of view of home economy, as amounting to 9,938,937 bags, corresponding to 2,660,000,000 Cruzeiros approximately, in that, by the coffee agreement, signed on October 3 last year by the governments of Brazil and the United States of America, the latter undertook to acquire the unshipped balance of the 1941/1942 Quota Year, expired on September 30, 1942, which amounts to 2,569,279 bags.

If, foreseeing the spreading of the European war, the Federal Government had failed to take the right measures at the right time, as it did, and if it had thereby ensued that the prices in force in 1942 had remained the same as in 1939, our export of 7,279,658 bags would only have produced 985,811,286 Cruzeiros. This means that the measures in question prevented Brazil from losing, only in one year, about a billion Cruzeiros (Cr\$ 979,926,450,000 exactly).

## PROPAGANDA

During the year 1942 the Department proceeded regularly, in the accessible markets, with its propaganda work for the encouragement of coffee consumption.

As was only natural, this propaganda was principally developed on the market of the United States of America, in view of its importance as being the greatest import center of the commodity. In that country, the propaganda for Brazil coffee was undertaken by our New York Office and, as regards coffee in general, by the Pan-American Coffee Bureau.

By the intermediary of our New York Office, we took several noteworthy measures in 1942 in favor of Brazil coffee.

Various initiatives were adopted, which aimed at spreading the use of Brazil coffee and warning the North American public against substitutes and adulterants, in view of the shortage of the product as a result of the serious shipping situation.

At the very beginning of the harvest, our Office made a wide distribution among all those interested in the coffee trade, of samples of the new crop coffees, packed in neat attractive containers. This distribution of samples was accompanied by a booklet entitled "The quality coffees of Brazil", which, in addition to a number of carefully selected illustrations, two graphs and a coffee map of Brazil, contained interesting propaganda literature of our coffees.

With the necessary permission of the Quartermaster Corps of the U. S. A. War Department, we contracted the services of Mrs. Ida Bailey Allen, who in addition to her talents as author, editor, lecturer and broadcaster, is also known as an authority in the field of home economics, to propagate an efficient, uniform method of preparing Brazil coffee for the American Army. In fulfilling this mission, Mrs. Allen visited various States of the Union, numerous barracks, military posts and camps, and also Army Bakers and Cooks Schools, holding dissertations, lectures, interviews, broadcasts and practical demonstrations, stressing the excellent qualities of Brazilian coffee and pointing out the public spirit of this Department in enabling every American soldier to have a cup of good coffee.

In November, 1942, our New York Office published an open letter of timely warning against the use of adulterants and pseudo-substitutes of coffee. This letter appeared in 417 newspapers, selected from amongst those of the largest circulation in all the 48 States. It is, indeed, in periods when the consumption of the beverage is forcibly restricted, that an intelligent campaign becomes more necessary to counter the double offensive of the adulterants and the substitutes. And unfortunately this perspective was only too accurate, for the visible stocks, intended for the consumption of the civil population, sank from 6,552,000 bags on 7/1/41 to 1,474,190 bags on 12/31/42.

During the year 1942, the Pan-American Coffee Bureau continued to render excellent services on behalf of the product. Its action was so efficient that yet another coffee producing country adhered thereto and this was the Dominican Republic, on March 9 of last year. The Bureau, initially composed of six members, now is made up of eight: Brazil, Colombia, Costa Rica, Cuba, Dominican Republic, El Salvador, Mexico and Venezuela. It is to be hoped that the Bureau, thanks to its working methods and to the competence of the firms to which it has entrusted its propaganda campaigns, will succeed in



keeping the United States public interested in pure coffee, as in last year, when it was able to announce that three years of efforts, from 1938 to 1941, had raised the "per capita" consumption level of the country from 13.41 pounds to 16.52 pounds per year. The office of chairman of the Pan-American Coffee Bureau is now held by Mr. Eurico Penteado, the representative of this Department.

From July 21, 1942, the propaganda campaign undertaken by the Bureau could count on the aid of the National Coffee Association, in virtue of the agreement signed by the two organizations, according to which a new Joint Committee for the Promotion of Coffee was established, thereby ensuring complete and profitable collaboration between the producers of Central and South America, represented by the Bureau, and the American traders and roasters, represented by the National Coffee Association. This Committee is composed of ten members, five belonging to the Bureau and five to the Association.

Mrs. Eleanor Roosevelt's broadcasts, transmitted over the Blue Network by the National Broadcasting Co. every Sunday afternoon, continued to arouse the greatest interest. The percentage of listeners still remained at an

exceedingly high level. This program received the eminent distinction of being the first commercial broadcast to figure in the archives of the Library of Congress, in Washington, beside the most important historical documents of that nation.

The well-known broadcasting commentator, Mr. Leon Pearson, transmitted a thirteen-week program, from 1/26 to 4/23/42 dealing with matters connected with coffee, which was greeted with the greatest popularity on the part of both the public and the coffee roasters.

Mrs. Ida Bailey Allen, in the service of the Bureau, organized a radio program, entitled "Coffee Hour", lasting 15 minutes and broadcasted three times a week by 117 stations. The program was so interesting that, in some towns, the roasters provided for its retransmission. Mrs. Allen also created a column called "Get more out of life", explaining the virtues of coffee, which appeared regularly in 453 newspapers of the country, with a total circulation of 5 million copies.

Every opportunity was taken of cooperating, for the benefit of coffee, with the industries associated therewith.

Thus, Schrafft's chain of restaurants, perhaps the most important concern of its kind in the United States, provided on its own account a celebration to popularize the idea of the "Coffee Hour". The firm Morris W. Haft, celebrated women's wear manufactures and owners of 400 stores, introduced coffee colors into fashions. And Macy's, one of the geatest department stores in the United States, at New York, organized a "Latin-American Fair" in which an intriguing model of a coffee plantation attracted more than 750 thousand visitors, to whom were distributed hundreds of thousands of booklets in favor of the commodity.

The publicity in the illustrated press was entrusted to the magazines "Life", "Look", "Good Housekeeping", "Country Gentleman", "True Story", "American Magazine" and "Saturday Evening Post", with a total circulation of 19 million copies.

The advertisements were drawn up according to the most modern technique, which preconizes the combination of cartoons with statements made by well-known personalities, particularly cinema stars, orchestra leaders, radio commentators, sporting figures, etc. taking advan-

tage in this way of their popularity and the interest with which their activities are followed by the American public.

As a result of the measures of restriction imposed by the war, the Bureau was fully convinced of the necessity of giving advice to the consuming public with regard to the methods of preparing and saving coffee, so as to prevent the educative work of several years being destroyed in a few months by suggestions which were being circulated to the detriment of the product, such as those which recommended using 25% more water in the preparation of the beverage, percolating the water twice over, etc. The Bureau published a booklet entitled "Coffee in defense", in collaboration with Dr. Punnet, of the magazine "Good Housekeeping", and Dr. Ballard, of the American Can Company, containing proper instructions as to how to prepare coffee in large quantities in portable kitchens, in Red Cross canteens and in the Women's Army Auxiliary Corps.

Encouraged by the success of this booklet, the Bureau prepared and published two more, one addressed to the consumers, showing how to obtain the best results



when preparing coffee, and the other specially designed for hotels and restaurants by Mr. Dick Huntington, editor of the magazine "Restaurant Management". The success obtained by these two booklets was likewise excellent and nearly one hundred thousand copies have been distributed.

With the slogan "Coffee is too good to waste", a widespread campaign was undertaken with the dual purpose of keeping up consumption, while taking into account the restrictions adopted by the American Government, and saving coffee, thus ensuring a more profitable utilization of the stocks on hand, as well as a future demand on the part of the consumers, when the present restrictions are abolished. In devising this scheme, the idea was to persuade the American people not to abandon the habit of drinking coffee, and to continue keeping our product in mind with the same enthusiasm for their favorite drink, until the victory of the United Nations should allow for the reestablishment of normal trading conditions.

In order to combat the expedient of adopting substitutes or preparing coffee with the sole intention of stretching the commodity, the Bureau has not ceased to affirm

on every occasion, on the air and in the press, that "One good cup of pure, delicious coffee, is better than two cups of unsatisfying, adulterated brew".

The Promotion Committee, with the intent of protecting the future of coffee against adulterants and substitutes, has published a great number of advertisements. One of them reads textually: "It is just as unthinkable to try to "stretch" coffee with adulterants as it is to try to stretch sugar with sand".

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During last year the Department pursued its efficient campaign in favor of a good beverage, by the service of coffee bars, supported by a subvention. Several of these cafés have been installed in this Capital; others have been opened up-country and abroad, so that this propaganda network now reaches Uruguay, Argentina, Paraguay, Chile and the Near East.

Fairs and Exhibitions are first class elements for the propaganda of any product. They are, however, under-

takings which it is only possible to take advantage of in normal times, when transport facilities are available and the movement of goods is unhampered. It is impossible, without being able to guarantee supplies, to obtain the favor of the public, and that is undeniably the end in view. This is the reason why the Department did not take any part in foreign Fairs and Exhibitions in the year 1942, and confined its activities, in this field, to those which were held in the Brazilian coffee producing States, as follows:

- a) — “Grand Exhibition of Curitiba”, State of Paraná,
- b) — “Exhibition of Cultural Baptism of Goiânia”, State of Goiaz.
- c) — “Rural Economy Exhibition of São Paulo”,
- d) — “Exhibition of the Products of Rio de Janeiro State”, in Petropolis, and
- e) — “Exhibition and Fair of Agriculture and Live-stock of Juiz de Fóra”, State of Minas Gerais.

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The Offices of the Department in New York, N. Y., San Francisco, Cal., New Orleans, La., Buenos Aires, Argentina, and Cape Town, Union of South-Africa, keep

on working normally in pursuance of the ends for which they were created. They constitute excellent propaganda centers for our product and an efficient means of keeping exporters and importers in touch with one another; they are always in a position to supply at a moment's notice the information which is indispensable to the active development of trade and to suggest the measures to be adopted for overcoming the difficulties that so often arise. We are of the opinion that in the future when the conditions of world commerce allow this chain of offices to be further extended, they will prove to be one of the best means of ensuring the popularization, propaganda and defense of our coffee in foreign countries.

## PUBLICITY

In the course of 1942, this Department continued the publication of new works thus enriching the coffee literature of this Country.

In addition to the 13th. volume of the monumental work of our distinguished fellow-countryman and well-known author, Affonso de E. Taunay, "História do Café no Brasil" — "The History of Coffee in Brazil", — we published the following:



- 1) "Anuário Estatístico do Café (1940/41)"  
"The Coffee Statistical Yearbook (1940/41)" —  
in Portuguese.
- 2) "Pequeno Atlas Estatístico do Café, N.º 7" —  
"A Small Statistical Atlas of Coffee, N.º 7" —  
in Portuguese.
- 3) "O Café no Estado de São Paulo, segundo a  
Produção Exportável" — "Coffee in the State  
of São Paulo, according to the Exportable Pro-  
duction" — in Portuguese.
- 4) "Ensaio Corográfico da Cultura do Café no  
Espírito Santo" — "A Chorographic Essay on  
Coffee Culture in Espírito Santo" — in Por-  
tuguese.
- 5) "Atlas Corográfico da Cultura do Café no Es-  
pírito Santo" — "A Chorographic Atlas of Cof-  
fee Culture in Espírito Santo" — in Portuguese.
- 6) "Cultura de Café no Brasil" — "Coffee Culture  
in Brazil" — in Portuguese.
- 7) "El Café como Bebida y Fuente de Otros Pro-  
ductos" (Candido Fontoura)—"Coffee as a Bev-

erage and a Source of Other Products" — in Spanish.

- 8) "Calendário Cafeeiro" — in Portuguese
- 9) "Coffee Calendar" — in English.
- 10) "Calendario del Café — in Spanish.
- 11) "A Story of King Coffee" — in English.
- 12) "Brasil, Tierra del Café" — "Brazil, Land of Coffee" — in Spanish.
- 13) "A Trip to Brazil" (new edition) — in English.
- 14) "Brazil Coffee in Word and Picture" (new edition) — in English.
- 15) "The Quality Coffees of Brazil" — in English.

Several attractive posters advertising coffee as a beverage were also published, together with others of a patriotic character, as a contribution to the war effort of our country. Among them, the following are particularly worthy of note:

- “President Getulio Vargas”.
- “Olavo Bilac”.
- “Girl picking coffee”.
- “Think for two”.
- “Defend the land where the coffee plantations flourish”.
- “War bonds”.
- “Coffee cheers the world”.

The extraordinary demand for these publications is a clear indication of the interest aroused thereby in the public at large.

Our review DNC, continues to be edited monthly, presenting our readers with a comprehensive news service, leading articles, illustrations, coffee legislation at home and abroad, commentaries, tables of exchange and the most recent coffee statistics, dealing with production, elimination, circulation, quotation, liberation, classification, stocks at the ports, inter-state commerce, export and market deliveries.

## WAR INSURANCE

In 1942 we covered war risks on coffee shipments by sea to the total extent of 849,479 bags. Although the exports to European and African ports vanished almost entirely, by reason of the obstacles to shipping, we insured, during the last financial year, 351,234 more bags than in the previous year.

This increase is due to the great demand for D. N. C. insurance to cover coffee coastwise shipments. We may safely advance that, after Brazil had recognized a state of war, practically all the inter-state export shipping took advantage of our insurance service.

There, more than in any other field, the incalculable value of the assistance rendered to the coffee trade by this Department, in the matter of war risk insurance, made itself felt.

The goods carried by coastal shipping are generally intended for consuming centers of low buying power, and our moderate rates enable these markets to be supplied



without altering the cost of the coffee to any great extent. It need only be considered that the rates charged by the insurance companies run as high as 5%, whereas the maximum rates charged by this Department did not exceed 1%.

The following comparative table gives our war insurance data from 1939, year in which the scheme was started, up to 1942:

YEARS	WAR INSURANCE	
	Bags insured	Premiums Cruzeiros
1939	412,233	530,774.40
1940	324,416	420,238.80
1941	498,645	1,227,677.50
1942	849,479	1,755,051.40
<b>Total</b>	<b>2,084,773</b>	<b>3,933,742.10</b>

The form devised for the payment of claims implies, practically, the replacement of the coffees sunk, by others set aside for incineration. In this way, the statistical

position of the product remains unchanged and no additional charge has to be borne by the Department other than that of the staff engaged in this service. Under these conditions, the income from the premiums, which by the end of 1942 had already reached Cr\$ 3,933,742,10, represents an appreciable source of particularly eventual revenue if we consider that the aim of our war insurance is not to reap profits, but to maintain the normal export activities of the coffee trade.

## STATISTICS

The affiliation of the Section of Statistics of the National Coffee Department of Brazil to the Brazilian Institute of Geography and Statistics, determined by the agreement of November 23, 1942, is but another proof of the successful initiative, typical of the administrative program of this autonomous public body, the end in view being the improvement of the respective technical services.

As an immediate consequence, we have become an integral part of the Brazilian Statistical System, together with the specialized organizations of the Ministries and the State Governments, members of the National Sta-

tistics Convention of 1936, so that our data are now to be considered official for all and every purpose.

The benefits imparted by this measure in favor of the unification of the results of the surveys, of the coffee production and trade, will undoubtedly be felt both at home and abroad, eliminating the divergences of information supplied by the various agencies, which are a consequence of the diversity of the sources tapped, the documents consulted and the methods of tabulation.

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The second Pan-American Coffee Conference, held in 1937 in the capital of the Republic of Cuba, voted a Resolution, filed as n.º 8, to the following effect:

- a) — that statistical figures connected with coffee and matters relating to the said commodity be sent to the Pan-American Coffee Bureau in New York, with the utmost promptitude;
- b) — that coffee tree censuses should be undertaken, with the least possible delay, said censuses to be repeated from time to time, preferably every five years.

The complexity and the magnitude of the task involved in carrying into effect the decision taken at this important meeting cannot fail to have struck the eminent delegates of the countries represented thereat. They realized, however, that the lack of statistical elements on which to base the coffee policy of this continent and the consequent absence of figures to serve as a guide rendered it impossible to proceed with any definitely constructive work. This assertion is supported by the fact that the American nations began, almost immediately, to take the necessary steps to carry out the coffee censuses.

Colombia, Venezuela and El Salvador, when they set forth the results of the coffee census which they ordered to be taken, stressed the difficulties of the enterprise and the possible errors of the work accomplished. The reasons given were: "*the marked tendency of the farmers not to give their full support to the investigations connected with private estates*" (la marcada tendencia de los agricultores a no dar todo su apoyo a las investigaciones que se relacionan en las propiedades particulares) — Colombia; "*the slight knowledge of the coffee planters as regards their own property and the negligence and suspicion displayed by many landlords*" (el escasso conocimiento de los



caficultores respecto a sus fondos y la negligencia e desconfianza demostrada por muchos propietarios" — Venezuela; "*there exists no statistical consciousness among the farmers of El Salvador*" (no existe entre los agricultores salvadoreños una conciencia estadística) — El Salvador.

When publishing the preliminary results of the work carried out in Brazil, we did so with the necessary reservations, welcoming criticism from the interested quarters, but pointing out from the very start that "an agricultural cadaster brought up to date constitutes one of the most difficult tasks for the agencies to which its organization is entrusted".

Reviewing this work, one of the principal organs of our local press, after commending it, continued as follows:

*"The Section of Statistics of the National Coffee Department has recently published a boocklet entitled 'Coffee Culture in Brazil', dealing with the preliminary results of the Coffee Planters Cadaster of the D. N. C. To take the census of coffee trees is not much easier than to take a census of the stars. Al-*

*though the trees are nearer to us, they are, however, much more numerous than the visible celestial bodies and their total runs into truly "astronomical" figures."*

"Coffee Culture in Brazil", containing the census of our coffee trees, is representative of the efforts of this Department to fulfil all the charges conferred upon it, and constitutes, undeniably, an excellent experiment so as to enable future figures to be closer to the reality.

According to this work, Brazil possessed in 1940/1942, 2,303,429,221 coffee trees, as compared with 2,541,433,657 for the other producers, bringing the world total up to 4,844,862,878 coffee trees.

The general results of our coffee tree census which, as mentioned above, were set forth in the book: "Coffee Culture in Brazil", are also being published in special volumes for each producing State, together with details of the coffee trees as to age, cultivated and cultivatable areas, workers (according to nationality, age and sex), in addition to a brief historical survey of each county,



the whole reproduced cartographically in a separate atlas. The volumes referring to the States of Espírito Santo and Paraná have already been published whereas those of Rio de Janeiro will shortly be ready.

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As Bulhões de Carvalho relates, the importance of international agricultural statistics was first stressed at the International Congress of Statistics, held in the capital of Belgium in 1853. From then on, the conviction spread that it is not possible to conduct administration without the valuable help of figures, with the result that nowadays every country, even the most intensively industrialized, pays the closest attention to agricultural statistics.

In the case of coffee, produced under a regime of planned economy, the aid supplied by statistics becomes of paramount importance. To control the production, transport, trade and export of this commodity, without the guiding compass of statistical data, as accurate as possible, would be the same as to pilot an aircraft without the assistance of accurate, modern air navigating instruments

and without the radio information transmitted by that wonderful organization which is known in aviation techniques as the ground network.

Attaching due importance to the utility of statistical research and to the necessity of possessing a complete system of files for supplying the necessary data for the study of the phenomena connected with coffee, our Section of Statistics is enriching its records with all the elements liable to influence the life of the product, always considered under various aspects. Thus, instead of possessing a mere systematic register of occurrences related to the present system of coffee marketing, disposal and export, we can boast of a magnificent filing system, to which we can refer when proceeding to the objective examination of any economic measures or plans which may be devised for the solution of the problems as they arise.

The exportable production census, the work on which was started in 1940 and has been improving from year to year, represents a service of generous proportions and undeniable scope, supplying as it does, information not only as to the exportation per municipal district, but also per agricultural property, according to the names of the re-



spective producers, by rail roads and by despatching stations. The tabulating of this census, which is obtained from a strictly accurate source, because it is based on the declaration written out on the back of the bill of lading itself for each consignment, required the handling of 179,237 cards received from the Agencies, in the course of the 1941/1942 harvest, all of which were reviewed, corrected and sorted in the Section of Statistics.

This service, apart from its immediate aims, furnishes the elements, every year, which are indispensable for the rectification of our coffee tree census; thereby established as a true coffee planters' cadaster, permanently brought up to date, so as to dispense with the burdensome five year or ten year revisions, which have been adopted in other countries. 184,808 coffee estates already figure on the files.

Several other statistical registers have been created or extended, and special mention should be made of that dealing with the Inter-State Coffee Trade, which enables us to ascertain the imports, exports and re-exports of coffee for each State of the Union, together with the details of transport routes, months, volumes and values.

The methodical organization of our Section of Statistics along modern lines, together with the efficiency of its equipment and the richness of its data, undoubtedly establish it as a technical entity fully capable of ensuring every branch of the service for which it was created.

## FROST

The climatic phenomena registered in the States of São Paulo and Paraná, in June, last year, increased the difficulty of the situation, against which the coffee planters were struggling on account of the prolonged drought of the previous year, for they not only reduced the volume of the crop then shortly to be harvested, but also damaged the coffee trees themselves.

In view of these circumstances, the Federal Government, ever anxious to protect this valuable source of wealth, did not hesitate to issue the Decree Law n.º 5,147, of 12/30/42, which provided for special measures of financial assistance for these plantations.

## INCINERATION

The quantity of coffee incinerated in the year 1942 amounted to 2,312,805 bags. This contingent brought the total of coffee incinerated up to 76,804,491 bags by December 31, of that year.

The incineration was confined to coffees which had become absolutely unfit for consumption owing to lengthy storage, and to those of inferior quality deposited in warehouses which had to be cleared in order to take in coffees of the 1942/1943 crop.

The prudent decision of the Federal Government to restrict incineration to coffees which it was a practical impossibility to keep in storage, is responsible for the fact that the total volume incinerated in 1942 was the lowest ever registered, except in the year 1934, when the figures did not exceed 1,693,112 bags.

## MOVEMENT OF THE CROPS

1938/1939 — 1939/1940 — 1940/1941 — 1941/1942

The communications of the Department nos. 42/144, 43/26, 43/31, 43/39 and 43/50 set forth the registration of bills of lading corresponding to the above crops, up to December 31, 1942.

The volumes of the coffees of the market and equilibrium quotas are listed in the following table:

Y E A R S	Market quota	Quota of equilibrium
1938/1939	17,671,602	5,132,306
1939/1940	14,757,048	4,041,844
1940/1941	10,423,440	5,714,047
1941/1942	10,669,304	5,312,327

## INDUSTRIAL UTILIZATION OF COFFEE

Despite the efforts spent during the year under review, our Cafelite Factory could not reach the production stage.



The inventor of the process, Mr. Herbert Spencer Polin, from whom we obtained the cession of the patent therefor, and who has been superintending all the work in connection with this new industry, down to the manufacture of the equipment, has not yet succeeded in endowing the plastic with the necessary physical and mechanical properties for the success of the new material to be assured.

This Department has already organized for 1943 a program of action which will enable us to test the manufacturing possibilities, on an industrial scale, of the process of transforming coffee into a plastic, the laboratory results of which were vouched for by technicians of high reputation and induced us to embark on the exploitation of the invention.

## EXPENSES

As compared with the estimated budget for the year 1942, unanimously approved by this Council in its meeting of October, 1941, last year's expenses show a reduction in certain items and a increase in others.

The material impossibility of adapting expenditure to the sums allowed therefor was explained at length in our last Report. In reality, last year's expenses have fallen within the total amount budgeted, thereby demonstrating our incessant efforts to reduce expenses as far as possible, without interfering with the efficiency of the service.

### STAFF

It is only right to render our thanks to the members of the staff of this Department, who have continued, as in previous years, to furnish ample proof of their competence, loyalty and sound understanding of their duties. These are the qualities to which we owe the success of the work undertaken during the year under review.

### CONCLUSION

The results obtained during the past year, which may safely be said to be full of promise and thoroughly satisfactory in due consideration of the adversities of the moment, must be attributed to the sound lines along which the Federal Government, in the person of eminent President Vargas, has been directing the economic policy of



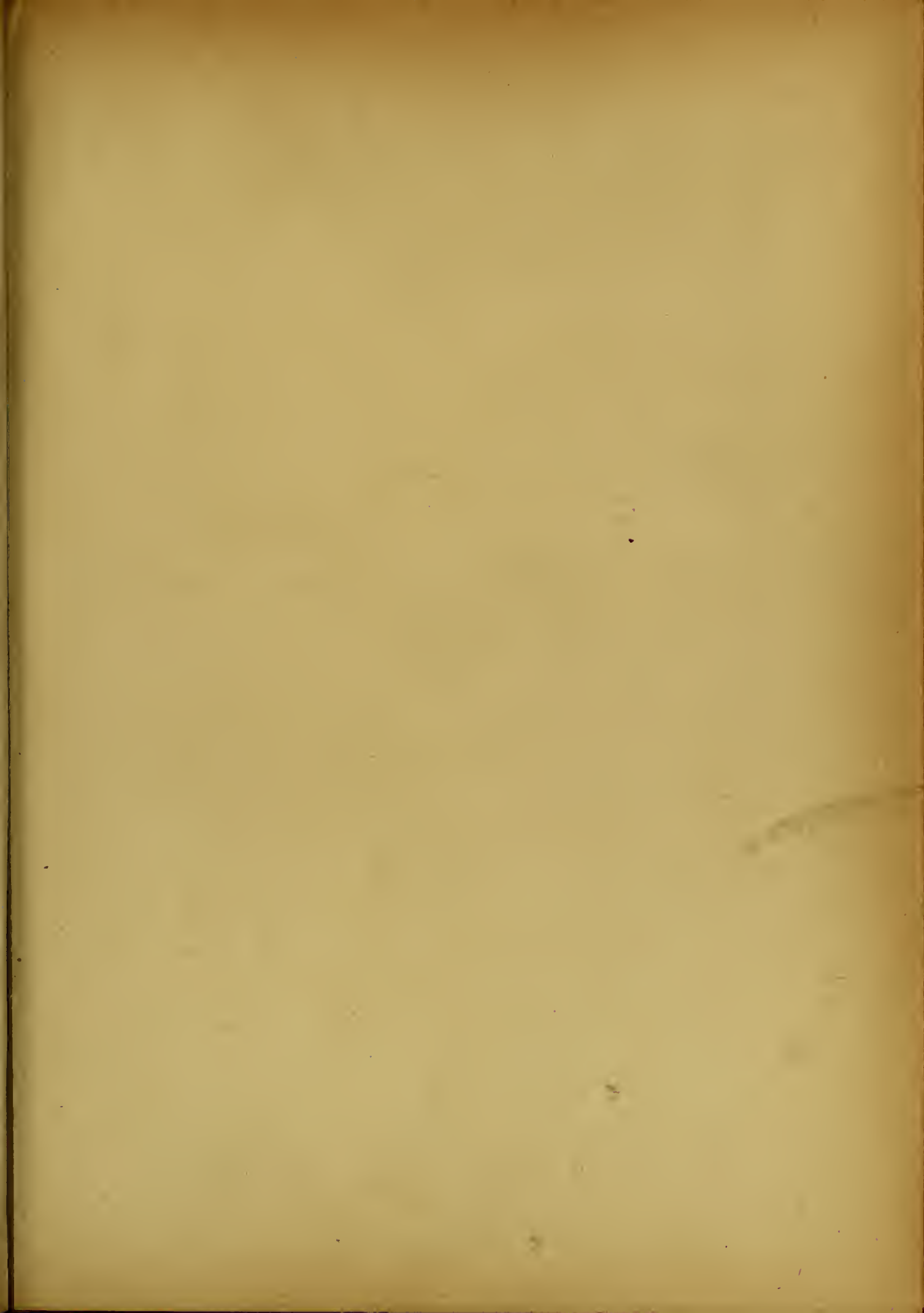
coffee, and to the clear judgment, devotion and farsightedness of the distinguished Minister of Finance, Dr. Arthur de Souza Costa.

The commentaries in which we have summed up the most important aspects of the coffee problem, as it appeared in the year 1942, together with the data and information connected with the object of this meeting, comprise the matters, which seemed to us to be the most relevant for communication to and examination of this Council. Should, however, the Councillors desire any further explanations, we are, as usual, ready to supply them, with attention and promptitude.

In concluding this work, we can but express our gratitude to each Member of the Council for the valuable collaboration placed at our disposal for the solution of the complex problems of coffee in this troubled phase of the word's history.

Rio de Janeiro, April 30, 1943.

*Jayme Fernandes Guedes*  
President.







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NATIONAL COFFEE DEPARTMENT OF BRAZIL

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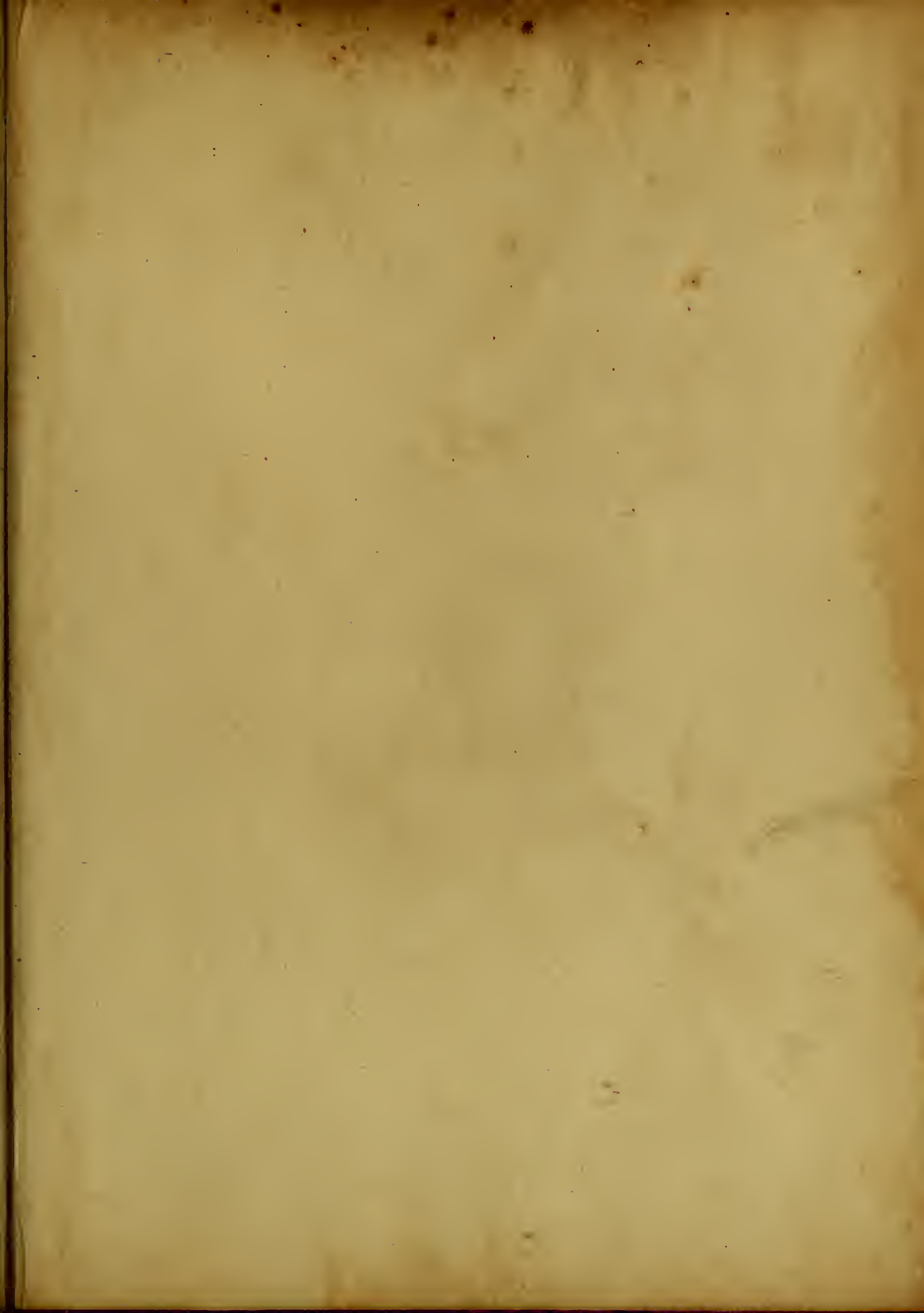
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